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Message Text

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63
ACTION EB-11

INFO OCT-01 ARA-16 EUR-25 ISO-00 CIAE-00 DODE-00 PM-07

H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01

SPC-03 SS-20 USIA-15 ACDA-19 IO-14 AID-20 OMB-01

COME-00 TRSE-00 SCEM-02 SCI-06 INT-08 DRC-01 /201 W
---------- 053930
R 211645Z NOV 73
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 1826
INFO AMEMBASSY OTTAWA
AMEMBASSY LIMA
AMEMBASSY QUITO
AMEMBASSY PORT OF SPAIN
AMEMBASSY GEORGETOWN
AMEMBASSY KINGSTON

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EO 11652: NA
TAGS: ENRG EMIN ETRD VE
SUBJECT: ENERGY SAVING POSSIBILITIES IN ENERGY INTENSIVE INDUSTRIES

REF: CARACAS A-455, NOV 21, 1973

1. I COMMEND TO THE ATTENTION OF ADDRESSEES THE EMBASSY'S AIRGRAM A-455 (POUCHED TODAY) ENTITLED "ENERGY SAVING POSSIBILITIES IN ENERGY INTENSIVE INDUSTRIES," THE SUMMARY OF WHICH IS REPEATED IN SUBSEQUENT PARAGRAPHS OF THIS MESSAGE. I AM PARTICULARLY INTERESTED IN THE CONCEPTS DISCUSSED IN AIRGRAM BECAUSE OF THEIR POSSIBLE RELEVANCE TO OUR PROPOSED ENERGY AGREEMENT WITH VENEZUELA. IF IT WERE DETERMINED TO BE IN OUR INTEREST TO TAKE CERTAIN ESSENTIAL IMPORTS, WHICH REQUIRE LARGE AMOUNTS OF ENERGY FOR THEIR TRANSFORMATION, IN A MORE PROCEESSED STAGE WHICH ALREADY INCLUEDES ENERGY INPUT (E.G., PIG ALUMINUM INSTEAD OF BAUXITE), THEN WE WOULD BE IN BETTER BARGAINING POSITION IN FORTHCOMING NEGOTIATIONS WHICH WE HOPE
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WILL LEAD TO VENEZUELAN AGREEMENT TO OPEN UP TO DEVELOPMENT NEW

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PETROLEUM AREAS INCLUDING ORINOCO BELT. OUR LEVERAGE WOULD BE GREATLY INCREASED IF WE WERE IN POSITION TO OFFER VENEZUELA NOT ONLY A
MARKET (WHICH SHE HARDLY NEEDS) FOR ADDITIONAL OIL PRODUCTION, BUT ALSO MARKET FOR PRODUCTS OF OTHER INDUSTRIES (MAINLY ENERGY INTENSIVE)
WHICH SHE WOULD LIKE TO DEVELOP, AND WHICH COULD BE COMPETITIVE.

2. BEGIN SUMMARY
DURING THE CURRENT ENERGY CRISIS, THE U.S. GOVERNMENT WILL WANT TO FIND WAYS OF REDUCING ENERGY USAGE THAT WILL HAVE THE LEAST NEGATIVE IMPACT ON THE UNITED STATES ECONOMY. ENERGY INTENSIVE INDUSTRIES OFFER INTRIGUING POSSIBILITIES BOTH IN THE SHORT RUN AND THE LONGER RUN.

3. THE ALUMINUM INDUSTRY -- AS THE ARCHTYPE OF AN ENERGY INTENSIVE INDUSTRY--WOULD SEEM TO OFFER THE POSSIBILITY OF SHORT RUN SAVINGS OF THE ENERGY EQUIVALENT OF 311,000 BARRELS PER DAY OF PETROLEUM DURING WHATEVER THREE MONTH PERIOD LOOKS THE MOST CRITICAL THIS YEAR, WITHOUT ANY DISRUPTION TO THE ECONOMY, AND AT A MINIMAL COST, WITH FULL COMPENSATION TO ALL LABOR AND CAPITAL EMPLOYED IN THE INDUSTRY. THE ALUMINUM INDUSTRY WOULD ALSO APPEAR TO OFFER POSSIBILITIES FOR LONGER RUN ENERGY SAVINGS AMOUNTING TO 5 O/O OF TOTAL ELECTRICAL CONSUMPTION IN THE U.S., WHICH WOULD REPRESENT A VERY SUBSTANTIAL CONTRIBUTION TOWARD REDUCING OUR NEED FOR IMPORTED OIL AND LNG.

4. THIS EMBASSY HAS A PARTICULAR INTEREST IN EXAMINING THE POSSIBILITIES FOR ENERGY SAVING THAT WOULD BE INVOLVED IN A RATIONALIZATION OF THE ALUMINUM INDUSTRY (AND OTHER ENERGY INTENSIVE INDUSTRIES) BECAUSE OF AN APPARENT MUTUALITY OF INTERESTS OF THE US AND VENEZUELA IN ADOPTION OF SUCH A PROGRAM BY THE UNITED STATES GOVERNMENT. END SUMMARY.
MCCLINTOCK

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, INDUSTRIAL PRODUCTION, CONSERVATION, INDUSTRIAL PLANTS, ENERY
Control Number: n/a
Copy: SINGLE
Draft Date: 21 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: hilburpw
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973CARACA09923
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731121/aaaaaovf.tel
Line Count: 94
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: CARACAS A-455, NOV 21, 1973
Review Action: RELEASED, APPROVED
Review Authority: hilburpw
Review Comment: n/a
Review Content Flags:
Review Date: 18 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18-Jan-2002 by martinjw>; APPROVED <31-Jan-2002 by hilburpw>
Review Markings:

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Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ENERGY SAVING POSSIBILITIES IN ENERGY INTENSIVE INDUSTRIES
TAGS: ENRG, EMIN, ETRD, VE, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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